

CITY OF BELLEVUE
CITY COUNCIL

Summary Minutes of Study Session

April 20, 2009
6:00 p.m.

Council Conference Room
Bellevue, Washington

PRESENT: Mayor Degginger, Deputy Mayor Balducci, and Councilmembers Bonincontri, Chelminiak, and Lee

ABSENT: Councilmembers Davidson and Noble

1. Executive Session

Deputy Mayor Balducci opened the meeting at 6:00 p.m. and declared recess to Executive Session for approximately 15 minutes to discuss one item of property acquisition.

The Study Session resumed at 6:28 p.m., with Mayor Degginger presiding.

2. Study Session

(a) Transportation Impact Fee Program Update

City Manager Steve Sarkozy introduced discussion regarding the Transportation Impact Fee Program, which was most recently discussed with the Council during the fourth quarter of 2008.

Transportation Director Goran Sparrman opened the presentation and said that staff is seeking Council direction on two issues: 1) What is the appropriate impact fee rate (Dollars per new evening peak-hour trip added by a development project), considering that the legally authorized maximum rate is \$8,667? and 2) What is the appropriate impact fee update implementation strategy?

Mr. Sparrman explained that the Transportation Facilities Plan (TFP) is the basis for impact fees. However, fees were not modified with the approval of the 2006-2017 TFP update. Impact fees are a key component of the Mobility and Infrastructure Initiative Finance Plan, which was developed with the Council throughout 2008 and endorsed with Resolution No. 7874 during the January 20, 2009 Council meeting [Provided in meeting packet beginning on page SS 2-15.].

Eric Miller, Capital Programming Division Manager, recalled that the Council adopted the 2009-2020 TFP on March 23, 2009. The plan contains 71 projects including 35 capacity/impact fee projects. Estimated costs of the plan total \$430 million, which includes \$381.5 million in impact fee project costs.

Mr. Miller explained that staff worked with an impact fee consultant to conduct a detailed review of the City's current program and technical issues including the calculation of fees by district, project cost allocation method, inclusion of automatic cost inflation factor, inclusion of completed projects, downtown trip generation, and a review of all technical criteria. Staff recommends that the impact fee program add an automatic cost inflation factor. Based on the adopted impact fee projects, costs and methodology, the true cost of development impacts has been determined to be \$8,667 per new evening peak-hour trip added by a project.

Planning and Community Development Director Matt Terry recalled that the purpose of the Mobility and Infrastructure Finance Plan is to fund new transportation and other investments to respond to growing congestion in Bellevue, and to provide infrastructure to support planned growth. The most recent survey of Bellevue residents indicates that transportation investments are a top priority. Mr. Terry reviewed the highest priority projects identified in the Mobility and Infrastructure Finance Plan including the NE 4th Street extension, NE 6th Street extension, NE 15/16th Street (Phase 1), 120th Avenue NE widening, and 124th Avenue NE widening.

Mr. Terry reviewed the mobility plan revenue model reflecting a total 10-year revenue assumption of \$299 million, with impact fees as one of the revenue sources. He described three possible growth scenarios for the 10-year horizon. Within each scenario, revenues are projected for three different impact fee rates (\$2,000; phased \$2,000-\$5,000; and \$5,000). The revenues generated vary based on the rate of growth under the three scenarios: A) Straight line growth forecast, B) Gradual recovery, and C) Prolonged recovery.

Staff recommends growth scenario C as the most conservative and reflective of the current recession. Mr. Terry compared Bellevue's impact fee rate with surrounding jurisdictions. Public input regarding impact fees reflects general support for the key transportation capacity projects that form the basis of the fee program, as well as concerns about the magnitude of the proposed fee increase and the timing/implementation schedule for fee increases.

Responding to Councilmember Lee, Mr. Sparrman confirmed that \$8,667 is the maximum impact fee rate that Bellevue could impose based on its Transportation Facilities Plan.

Councilmember Chelminiak noted Councilmember Davidson's absence on City business, and suggested that this topic be addressed again upon his return. Mr. Terry said staff would like to have an impact fee Ordinance adopted sometime in May in order to refine the capital finance strategy.

Mayor Degginger suggested continuing with discussion tonight, and then providing Council direction during a future meeting when Dr. Davidson is present.

Responding to Councilmember Chelminiak, Mr. Miller explained that the true growth cost is calculated based on a formula established by state law to determine the maximum amount a jurisdiction can charge based on the number and costs of projects within its Transportation Facilities Plan. He said staff did not project growth beyond the 10-year period due to the difficulty in predicting economic factors that far into the future. In further response, Mr. Terry confirmed that if prolonged recovery becomes the accurate forecast, the only impact fee rate that comes close to reaching the revenue goal is the \$5,000 rate (\$5,000 per evening peak period trip generated).

Deputy Mayor Balducci observed that the TFP identifies projects to address current transportation deficiencies and demands, as well as projected demands based on growth. She wondered if it was then logical to conclude that the maximum impact fee rate of \$8,667 would mean that developers would be paying beyond the growth pays for growth concept.

Mr. Sparrman explained that the concurrency standard is a legal standard adopted in the Bellevue City Code, and the standard varies for each mobility management area (MMA) within the community. He offered another way to consider the dilemma being raised by Ms. Balducci, which is whether all of the projects in the TFP would be needed if growth stopped in Bellevue.

In further response to Ms. Balducci, Mr. Sparrman confirmed that the impact fee analysis identifies trips beginning and ending outside of Bellevue, as well as trips within Bellevue.

Responding to Mayor Degginger, Mr. Sparrman explained that if the shortest route between two points outside of Bellevue is through Bellevue, the trip is assigned to Bellevue. He noted that approximately 35 percent of the need for transportation facilities is based on this type of travel.

Deputy Mayor Balducci appreciates staff's recommendation for a conservative approach to forecasting impact fee revenues. However, the risk of being too conservative is placing pressure on raising revenue through other sources. She expressed concern regarding the potential impact on property taxes.

Mr. Terry explained that the Council and staff will ultimately develop a balanced finance plan, at which point the Council could choose to extend the timeframe of the plan in order to balance revenues and expenditures. Additional policy options will be available as well.

Responding to Councilmember Bonincontri, Mr. Miller said cities update their impact fees on varying cycles, and some have an inflation factor built into their fee schedules. In further response, Mr. Miller said additional funding sources for the TFP include state and federal grants, real estate excise tax collections, and all of the other revenue sources within the City's Capital Investment Program (CIP).

Councilmember Lee is interested in considering the use of an automatic inflation factor in the impact fee schedule. Responding to Mr. Lee, Mr. Miller explained that completed transportation projects can provide surplus capacity for a number of years. For example, development projects

constructed since the completion of the Access Downtown project are utilizing the excess transportation capacity it provides, and developers are paying associated impact fees.

Responding to Mayor Degginger, Mr. Terry said the gradual recovery scenario forecasts increased permit activity in the 2011-2012 period, to be followed by growing construction activity by 2014.

Responding to Mr. Degginger, Mr. Terry said the phased impact fee option responds in part to public input expressing concern about cost impacts on development.

Mayor Degginger concurs with the recommendation for a conservative approach in terms of the revenue scenarios, and he sees potential value in a phased approach to increasing impact fees.

Responding to Councilmember Lee, Mr. Sparrman said staff's position regarding one citywide impact fee rate, versus different rates for each mobility management area (MMA), is that the overall transportation system benefits the entire community.

In further response to Mr. Lee, Mr. Sparrman said more travel options are available in the downtown, and therefore downtown development projects are not charged impact fees for all potential trips generated. Mr. Terry added that the credit given to downtown development is based on the Institute of Traffic Engineers trip generation manual. High-rise office development in a downtown setting has lower trip generation ratios based upon nationwide statistics. Mr. Terry said staff's current position is that the downtown trip rate should only be used in the downtown. However, when transit service is implemented through the Bel-Red corridor, the Council may choose to apply a similar approach to impact fees in that area.

Councilmember Bonincontri observed that the trip generation modeling does not take into account any behavior modification that could occur due to the recession (e.g., increased carpooling, fewer leisure trips). As a result, she feels it is important to continue to review and revise the TFP and impact fees every two years to allow the flexibility to react to unanticipated realities.

Mayor Degginger asked staff to bring the topic back as a Study Session agenda item by the end of May. He suggested staff provide individual briefings for Councilmembers Davidson and Noble and/or provide an abbreviated presentation of tonight's discussion at the appropriate Study Session.

(b) Management Brief – Report on Winter Snow and Ice Response

City Manager Sarkozy opened staff's report on snow and ice response activities during December 2008.

Mike Jackman, Utilities Department Assistant Director, recalled that staff provided a report during the January 5 City Council meeting regarding snow plowing operations during the extended period of snow and ice events in December. Answers to questions raised during that

discussion are provided in the management brief that begins on page SS 2-33 of the meeting packet.

Mr. Jackman reported that repeated snow and ice events from December 12 through 29 required the City to implement 24-hour operations to plow, sand, and de-ice streets. During that time, operators covered 26,411 lane miles in challenging and changing conditions, and overall mobility was maintained along arterials until neighborhood streets could be plowed.

Mr. Jackman reviewed the goals of maintaining mobility and doing the most good for the most people, as well as the priorities of public safety, the economy, and the environment. A number of operational strategies are in place to accomplish these goals and priorities. Mr. Jackman briefly reviewed staff's pre-event preparation and inter-departmental coordination in response activities.

Mr. Jackman noted that one of the questions raised by Council was in regard to the priority level of 156th Avenue NE, given its importance as a commuter route and retail area. Following the December snow and ice, the snow response map was revised to upgrade 156th Avenue NE (North of NE 8th Street) to a secondary priority.

Mr. Jackman noted a question regarding the costs and benefits of adding plows and sanders. The City currently has 15 trucks for snow and ice operations, including nine five-yard dump trucks that are suitable for arterials and neighborhoods with wider, flatter streets and six four-wheel drive, one ton trucks that can navigate the narrow, steep streets of elevated neighborhoods. Larger, more specialized snow and ice equipment would be too large for most roadways in Bellevue, and would have limited operational applications beyond snow and ice response.

The City currently owns three additional four-wheel drive, one ton trucks that are already equipped with hydraulics for snow plows. Outfitting these trucks for snow response would require an initial investment of \$66,000 to purchase three plows and three sanding units, as well as an increase in annual operating costs of \$79,203. The addition of these units would increase the City's snow response capacity by approximately 20 percent and provide backup equipment to the primary snow response trucks. These units represent an increase in plows suitable for the steep and narrow streets of elevated neighborhoods.

Mr. Jackman addressed Council's questions regarding the use of sand and salt. He explained that each snow and ice event requires a different tactical response in terms of sand, salt, or a combination of the two. Both have environmental impacts. Salts dissolve and can potentially affect nearby surface water and habitat. However, the salt concentrations are quite dilute and, given the infrequent number of snow and ice events requiring the use of salt, the impacts are considered acceptable in order to meet public safety priorities. The fine particles of sand can make their way into the storm drainage system and nearby surface waters, clogging streams and fish habitat. The City applies sand only when it is necessary. The sand is swept up and catch basins are cleaned as soon as practical following an event.

Mr. Jackman said information regarding snow events and response activities will be sent to Bellevue residents and businesses before next winter.

Mayor Degginger thanked staff and operating crews for their hard work during the 2008 snow and ice events. He noted the importance of maintaining mobility not only for convenience and commerce, but for ensuring emergency medical response.

City Manager Sarkozy reported that a function was held in January to show appreciation for the efforts of Utilities and Transportation department staff throughout the December snow.

Although typically attended only by employees, in this case some citizens chose to attend and brought baked goods to thank the crews at the Bellevue Service Center.

Mayor Degginger noted that employees worked 12-hour shifts for three weeks straight during the holidays, which was a tremendous sacrifice at a time when everyone else was with their families.

Councilmember Lee praised staff for their efforts, noting that he lives in a hilly neighborhood.

Responding to Councilmember Lee, Mr. Jackman said the cost estimates for adding snow plow and sanding equipment is provided in response to the Council's question, but is not presented as a formal recommendation.

3. Council Business [Regular Session Agenda Item 6]

Councilmember Bonincontri attended the Washington Innovation Summit and the Bellevue Arts Commission meeting. The Bellevue Philharmonic presented its emergency funding request, which it will bring to the Council in the near future.

Councilmember Chelminiak reported on the Parks and Community Services Board meeting, and noted two upcoming openings on the Board.

Councilmember Lee participated in interviewing candidates for the Transportation Commission. On behalf of the Council, he welcomed attendees of an American Planning Association meeting at Meydenbauer Center. He attended meetings of the Reinvestment in Youth committee and the Regional Transit Committee. Mr. Lee participated in DUI drills at local high schools as well as Earth Day activities.

Deputy Mayor Balducci participated as an awards presenter for the Ministry of Roca Fuerte's youth art competition. Ms. Balducci welcomed the American Association of University Women at its statewide conference in Bellevue.

Mayor Degginger participated in Earth Day activities at Lewis Creek Park. He commended the many volunteers who participated as well.

At 8:00 p.m., Mayor Degginger declared recess to the Regular Session.

Myrna L. Basich
City Clerk

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